

AMENDED IN SENATE APRIL 15, 2013

SENATE BILL

No. 223

Introduced by Senator Liu

February 11, 2013

An act to amend, repeal, and add Section 42605 of, and to add and repeal Chapter 3 (commencing with Section 63060) of Part 35 of Division 4 of Title 2 of, the Education Code, relating to education finance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 223, as amended, Liu. Education finance: Maximum Categorical Funding Flexibility and Accountability Program.

Existing law establishes various categorical education programs and appropriates the funding for those programs in the annual Budget Act. Existing law requires the Superintendent of Public Instruction, for the 2009–10 to the 2014–15 fiscal year, inclusive, to apportion from the amount provided in the annual Budget Act for specified categorical education programs an amount based on the same relative proportion that the local educational agency received in the 2008–09 fiscal year for those programs and authorizes those agencies, for those fiscal years, to use these funds, with specified exceptions, for any educational purpose, to the extent permitted by federal law.

Existing law, as a condition of receiving the categorical education program funds that may be used for any educational purpose, requires school districts and county offices of education, at a regularly scheduled open public hearing, to take testimony from the public, discuss, and approve or disapprove the proposed use of funding. Existing law requires a local educational agency to report expenditures, as specified, to indicate the activities for which these funds were expended and requires

the State Department of Education annually to collect and provide this information to the appropriate legislative policy and budget committees and the Department of Finance. Existing law, for those fiscal years, deems local educational agencies that use these categorical education program funds for any educational purpose to be in compliance with the program and funding requirements of those categorical education programs.

This bill would establish the Maximum Categorical Funding Flexibility and Accountability Program, to be implemented from the 2015–16 fiscal year to the 2019–20 fiscal year, inclusive. The bill would extend the operation of the provisions that authorize the expenditure of funds provided for specified categorical education programs for any educational purpose by 5 fiscal years, *but would delete funds appropriated for adult education programs, specialized secondary education grant programs, and regional occupational centers and programs from the scope of this provision as of July 1, 2015, and would base the amount apportioned under the provision on the same relative proportion that the local educational agency received in the 2013–14 fiscal year rather than the 2008–09 fiscal year.* The bill would thereby make an appropriation by allowing the expenditure of appropriated funds for additional purposes for that extended period.

To be eligible for selection for participation in this program, and in order to utilize the provisions allowing the expenditure of funds appropriated for specified categorical programs for any educational purpose for any of the fiscal years from 2015–16 to 2019–20, inclusive, a school district would be required to meet certain preconditions, including developing a plan to accelerate pupils' progress to proficiency that includes specified goals. A school district selected by the Superintendent to participate in the program would be required to agree to demonstrate significant progress toward accelerating pupils' progress toward proficiency in California's academic standards over a 3-year period, a narrowing of the achievement gap in its federally recognized subgroups, fiscal solvency, positive growth on the school district's Academic Performance Index, an increase in its graduation rate, ~~and~~ improvement in its college entrance rate, *and pupil progress in passage of common core standards.*

The bill would require the Superintendent, for the 2015–16 to 2019–20 fiscal years, inclusive, to apportion to the participating school districts an increase or decrease of the amounts apportioned under the provisions authorizing the expenditure of funds appropriated for specified

categorical programs for any educational purpose in accordance with specified criteria. The bill would require the additional funds apportioned to school districts under this program to be expended for any purpose related to improving pupil achievement and academic instruction, except as specified.

The bill would require that a participating school district would be deemed to be in compliance with the program and funding requirements associated with the categorical education programs.

The bill would require that a participating school district would be required to submit an evaluative annual report and an annual expenditure report, including prescribed information, to the State Department of Education. The bill would require the Superintendent to contract for an interim evaluation report and a final evaluation report that identifies the success and failures of the program and makes recommendations regarding improving the program and whether the program should be continued. The provisions establishing the program would become inoperative on July 1, 2020, and would be repealed on January 1, 2021.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California school districts are facing immeasurable
4 challenges, *which include implementing the common core*
5 *standards in mathematics and English language arts and ensuring*
6 *that pupils from low-income backgrounds and pupils who are*
7 *English language learners are provided with supplemental*
8 *instruction and support services, while managing reductions in*
9 state funding, and need maximum flexibility in the ways they can
10 utilize restricted funding from the state.

11 (b) However, the current tiers of categorical program
12 appropriations, coupled with lack of accountability, provide no
13 assurances that categorical funding will be used for purposes related
14 to improving pupil achievement and academic instruction.

15 (c) Merging the concept of funding flexibility with locally
16 governed planning processes with the goal of improving pupil
17 achievement and academic instruction will allow state money for
18 categorical education programs to be managed more efficiently

1 and effectively by school districts to meet the academic needs of
2 all pupils and result in progress in closing the achievement gap.

3 (d) Maximum categorical program flexibility will enhance a
4 school district's ability to support academic and career goals for
5 all pupils and provide systematic, differentiated instruction and
6 interventions to accelerate pupils' progress to proficiency.

7 (e) Allowing the state to evaluate the benefits of maximum
8 categorical program flexibility, and ensuring that program
9 flexibility is used correctly, will result in gains in pupil
10 achievement.

11 SEC. 2. Section 42605 of the Education Code, as amended by
12 Section 2 of Chapter 668 of the Statutes of 2012, is amended to
13 read:

14 42605. (a) (1) Unless otherwise prohibited under federal law
15 or otherwise specified in subdivision (e), for the 2008–09 fiscal
16 year to the 2014–15 fiscal year, inclusive, recipients of funds from
17 the items listed in paragraph (2) may use funding received, pursuant
18 to subdivision (b), from any of these items listed in paragraph (2)
19 that are contained in Section 2.00 of the annual Budget Act, for
20 any educational purpose.

21 (2) Items 6110-104-0001, 6110-105-0001, 6110-108-0001,
22 6110-122-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001,
23 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-181-0001,
24 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,
25 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,
26 6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001,
27 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001,
28 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001,
29 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001,
30 6110-267-0001, 6110-268-0001, and 6360-101-0001 of Section
31 2.00.

32 (b) (1) For the 2009–10 fiscal year to the 2014–15 fiscal year,
33 inclusive, the Superintendent or other administering state agency,
34 as appropriate, shall apportion from the amounts provided in the
35 annual Budget Act for the items enumerated in paragraph (2) of
36 subdivision (a) an amount to recipients based on the same relative
37 proportion that the recipient received in the 2008–09 fiscal year
38 for the programs funded through the items enumerated in paragraph
39 (2) of subdivision (a).

1 (2) This section and Section 42 of Chapter 12 of the Third
2 Extraordinary Session of the Statutes of 2009 do not authorize a
3 school district that receives funding on behalf of a charter school
4 pursuant to Sections 47634.1 and 47651 to redirect this funding
5 for another purpose unless otherwise authorized in law or pursuant
6 to an agreement between a charter school and its chartering
7 authority. Notwithstanding paragraph (1), for the 2008–09 fiscal
8 year to the 2014–15 fiscal year, inclusive, a school district that
9 receives funding on behalf of a charter school pursuant to Sections
10 47634.1 and 47651 shall continue to distribute the funds to those
11 charter schools based on the relative proportion that the school
12 district distributed in the 2007–08 fiscal year, and shall adjust those
13 amounts to reflect changes in charter school attendance in the
14 district. The amounts allocated shall be adjusted for any greater
15 or lesser amount appropriated for the items enumerated in
16 paragraph (2) of subdivision (a). For a charter school that began
17 operation in the 2008–09 fiscal year, if a school district received
18 funding on behalf of that charter school pursuant to Sections
19 47634.1 and 47651, the school district shall continue to distribute
20 the funds to that charter school based on the relative proportion
21 that the school district distributed in the 2008–09 fiscal year and
22 shall adjust the amount of those funds to reflect changes in charter
23 school attendance in the district. The amounts allocated shall be
24 adjusted for any greater or lesser amount appropriated for the items
25 enumerated in paragraph (2) of subdivision (a).

26 (3) Notwithstanding paragraph (1), for the 2008–09 fiscal year
27 to the 2014–15 fiscal year, inclusive, the Superintendent shall
28 apportion from the amounts appropriated by Item 6110-211-0001
29 of Section 2.00 of the annual Budget Act an amount to a charter
30 school in accordance with the per-pupil methodology prescribed
31 in subdivision (c) of Section 47634.1.

32 (4) Notwithstanding paragraph (1), for the 2008–09 fiscal year
33 to the 2014–15 fiscal year, inclusive, the Superintendent shall
34 apportion from the amounts provided in the annual Budget Act an
35 amount to a school district, charter school, and county office of
36 education based on the same relative proportion that the local
37 educational agency received in the 2007–08 fiscal year for the
38 programs funded through the following items contained in Section
39 2.00 of the annual Budget Act: 6110-104-0001, 6110-105-0001,
40 6110-156-0001, 6110-190-0001, Schedule (3) of 6110-193-0001,

1 6110-198-0001, 6110-232-0001, and Schedule (2) of
2 6110-240-0001.

3 (5) For purposes of paragraph (4), if a direct-funded charter
4 school began operation in the 2008–09 fiscal year, the amount that
5 the charter school was entitled to receive from the items
6 enumerated in paragraph (4) for the 2008–09 fiscal year, as certified
7 by the Superintendent in March 2009, is deemed to have been
8 received in the 2007–08 fiscal year.

9 (c) (1) This section does not obligate the state to refund or repay
10 reductions made pursuant to this section. A decision by a school
11 district to reduce funding pursuant to this section for a
12 state-mandated local program shall constitute a waiver of the
13 subvention of funds that the school district is otherwise entitled to
14 pursuant to Section 6 of Article XIII B of the California
15 Constitution on the amount so reduced.

16 (2) (A) As a condition of receipt of funds, the governing board
17 of the school district or governing board of the county office of
18 education, as appropriate, at a regularly scheduled open public
19 hearing shall take testimony from the public, discuss, approve or
20 disapprove the proposed use of funding, and make explicit for each
21 of the budget items in paragraph (2) of subdivision (a) the purposes
22 for which the funds will be used.

23 (B) The regularly scheduled open public hearing held pursuant
24 to subparagraph (A) shall be held before and independent of a
25 meeting where the governing board of the school district or
26 governing board of the county office of education adopts a budget.
27 If the governing board intends to close a program funded by the
28 items listed in paragraph (2) of subdivision (a), the governing board
29 shall identify, in the notice of the agenda of the public hearing or
30 at another public hearing, the program or programs proposed to
31 be closed.

32 (3) Using the Standardized Account Code Structure reporting
33 process, a local educational agency shall report expenditures of
34 funds pursuant to the authority of this section by using the
35 appropriate function codes to indicate the activities for which these
36 funds are expended. The department shall collect and provide this
37 information to the Department of Finance and the appropriate
38 policy and budget committees of the Legislature by April 15, 2010,
39 and annually thereafter on April 15 until, and including, April 15,
40 2016.

1 (d) For the 2008–09 fiscal year to the 2014–15 fiscal year,
2 inclusive, local educational agencies that use the flexibility
3 provision of this section shall be deemed to be in compliance with
4 the program and funding requirements contained in statutory,
5 regulatory, and provisional language associated with the items
6 enumerated in subdivision (a).

7 (e) Notwithstanding subdivision (d), the following requirements
8 shall continue to apply:

9 (1) For Item 6110-105-0001 of Section 2.00 of the annual
10 Budget Act, the amount authorized for flexibility shall exclude the
11 funding provided to fund remedial educational services pursuant
12 to Provision 4. For Item 6110-156-0001 of Section 2.00 of the
13 annual Budget Act, the amount authorized for flexibility shall
14 exclude the funding provided for instruction of CalWORKs-eligible
15 students pursuant to Schedules (2) and (3) and Provisions 2 and
16 4.

17 (2) (A) Any instructional materials purchased by a local
18 educational agency for kindergarten and grades 1 to 8, inclusive,
19 and for grades 9 to 12, inclusive, shall be aligned with the state
20 standards adopted pursuant to Section 60605 or 60605.8, and shall
21 also meet the reporting and sufficiency requirements contained in
22 Section 60119.

23 (B) For purposes of this section, “sufficiency” means that each
24 pupil has sufficient textbooks and instructional materials in the
25 four core areas as defined by Section 60119 and that all pupils
26 within the local educational agency who are enrolled in the same
27 course shall have identical textbooks and instructional materials,
28 as specified in Section 1240.3.

29 (3) For Item 6110-195-0001 of Section 2.00 of the annual
30 Budget Act, the item shall exclude moneys that are required to
31 fund awards for teachers that have previously met the requirements
32 necessary to obtain these awards, until the award is paid in full.

33 (4) For Item 6110-266-0001 of Section 2.00 of the annual
34 Budget Act, a county office of education shall conduct at least one
35 site visit to each of the required schoolsites pursuant to Section
36 1240 and shall fulfill all of the duties set forth in Sections 1240
37 and 44258.9.

38 (5) For Item 6110-198-0001 of Section 2.00 of the annual
39 Budget Act, a school district or county office of education that
40 operates the child care component of the Cal-SAFE program shall

1 comply with paragraphs (5) and (6) of subdivision (c) of Section
2 54746.

3 (f) This section does not invalidate any state law pertaining to
4 teacher credentialing requirements or the functions that require
5 credentials.

6 (g) This section shall become inoperative on July 1, 2015, and,
7 as of January 1, 2016, is repealed, unless a later enacted statute,
8 that becomes operative on or before January 1, 2016, deletes or
9 extends the dates on which it becomes inoperative and is repealed.

10 SEC. 3. Section 42605 is added to the Education Code, to read:

11 42605. (a) (1) Unless otherwise prohibited under federal law
12 or otherwise specified in subdivisions (d) and (e), for the 2015–16
13 fiscal year to the 2019–20 fiscal year, inclusive, recipients of funds
14 from the items listed in paragraph (2) may use funding received,
15 pursuant to subdivision (b), from any of these items listed in
16 paragraph (2) that are contained in Section 2.00 of the annual
17 Budget Act, for any educational purpose.

18 (2) Items 6110-104-0001, ~~6110-105-0001~~, 6110-108-0001,
19 ~~6110-122-0001~~, 6110-124-0001, 6110-137-0001, 6110-144-0001,
20 6110-150-0001, 6110-151-0001, ~~6110-156-0001~~, 6110-181-0001,
21 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,
22 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,
23 6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001,
24 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001,
25 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001,
26 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001,
27 6110-267-0001, 6110-268-0001, and 6360-101-0001 of Section
28 2.00.

29 (b) (1) For the 2015–16 fiscal year to the 2019–20 fiscal year,
30 inclusive, the Superintendent or other administering state agency,
31 as appropriate, shall apportion from the amounts provided in the
32 annual Budget Act for the items enumerated in paragraph (2) of
33 subdivision (a) an amount to recipients based on the same relative
34 proportion that the recipient received in the ~~2008–09~~ 2013–14
35 fiscal year for the programs funded through the items enumerated
36 in paragraph (2) of subdivision (a).

37 (2) This section and Section 42 of Chapter 12 of the Third
38 Extraordinary Session of the Statutes of 2009 do not authorize a
39 school district that receives funding on behalf of a charter school
40 pursuant to Sections 47634.1 and 47651 to redirect this funding

1 for another purpose unless otherwise authorized in law or pursuant
2 to an agreement between a charter school and its chartering
3 authority. Notwithstanding paragraph (1), for the 2015–16 fiscal
4 year to the 2019–20 fiscal year, inclusive, a school district that
5 receives funding on behalf of a charter school pursuant to Sections
6 47634.1 and 47651 shall continue to distribute the funds to those
7 charter schools based on the relative proportion that the school
8 district distributed in the ~~2007–08~~ 2012–13 fiscal year, and shall
9 adjust those amounts to reflect changes in charter school attendance
10 in the district. The amounts allocated shall be adjusted for any
11 greater or lesser amount appropriated for the items enumerated in
12 paragraph (2) of subdivision (a). For a charter school that began
13 operation in the ~~2008–09~~ 2013–14 fiscal year, if a school district
14 received funding on behalf of that charter school pursuant to
15 Sections 47634.1 and 47651, the school district shall continue to
16 distribute the funds to that charter school based on the relative
17 proportion that the school district distributed in the ~~2008–09~~
18 2013–14 fiscal year and shall adjust the amount of those funds to
19 reflect changes in charter school attendance in the district. The
20 amounts allocated shall be adjusted for any greater or lesser amount
21 appropriated for the items enumerated in paragraph (2) of
22 subdivision (a).

23 (3) Notwithstanding paragraph (1), for the 2015–16 fiscal year
24 to the 2019–20 fiscal year, inclusive, the Superintendent shall
25 apportion from the amounts appropriated by Item 6110-211-0001
26 of Section 2.00 of the annual Budget Act an amount to a charter
27 school in accordance with the per-pupil methodology prescribed
28 in subdivision (c) of Section 47634.1.

29 (4) Notwithstanding paragraph (1), for the 2015–16 fiscal year
30 to the 2019–20 fiscal year, inclusive, the Superintendent shall
31 apportion from the amounts provided in the annual Budget Act an
32 amount to a school district, charter school, and county office of
33 education based on the same relative proportion that the local
34 educational agency received in the ~~2007–08~~ 2012–13 fiscal year
35 for the programs funded through the following items contained in
36 Section 2.00 of the annual Budget Act: 6110-104-0001,
37 ~~6110-105-0001, 6110-156-0001, 6110-190-0001, Schedule (3) of~~
38 ~~6110-193-0001, 6110-198-0001, 6110-232-0001, and Schedule~~
39 (2) of 6110-240-0001.

1 (5) For purposes of paragraph (4), if a direct-funded charter
2 school began operation in the ~~2008–09~~ 2013–14 fiscal year, the
3 amount that the charter school was entitled to receive from the
4 items enumerated in paragraph (4) for the ~~2008–09~~ 2013–14 fiscal
5 year, as certified by the Superintendent in March ~~2009~~, 2014, is
6 deemed to have been received in the ~~2007–08~~ 2012–13 fiscal year.

7 (c) (1) This section does not obligate the state to refund or repay
8 reductions made pursuant to this section. A decision by a school
9 district to reduce funding pursuant to this section for a
10 state-mandated local program shall constitute a waiver of the
11 subvention of funds that the school district is otherwise entitled to
12 pursuant to Section 6 of Article XIII B of the California
13 Constitution on the amount so reduced.

14 (2) (A) As a condition of receipt of funds, the governing board
15 of the school district or governing board of the county office of
16 education, as appropriate, at a regularly scheduled open public
17 hearing shall take testimony from the public, discuss, approve or
18 disapprove the proposed use of funding, and make explicit for each
19 of the budget items in paragraph (2) of subdivision (a) the purposes
20 for which the funds will be used.

21 (B) The regularly scheduled open public hearing held pursuant
22 to subparagraph (A) shall be held before and independent of a
23 meeting where the governing board of the school district or
24 governing board of the county office of education adopts a budget.
25 If the governing board intends to close a program funded by the
26 items listed in paragraph (2) of subdivision (a), the governing board
27 shall identify, in the notice of the agenda of the public hearing or
28 at another public hearing, the program or programs proposed to
29 be closed.

30 (3) Using the Standardized Account Code Structure reporting
31 process, a local educational agency shall report expenditures of
32 funds pursuant to the authority of this section by using the
33 appropriate function codes to indicate the activities for which these
34 funds are expended. The department shall collect and provide this
35 information to the Department of Finance and the appropriate
36 policy and budget committees of the Legislature by April 15, 2016,
37 and annually thereafter on April 15 until, and including, April 15,
38 2021.

39 (d) For the 2015–16 fiscal year to the 2019–20 fiscal year,
40 inclusive, local educational agencies that use the flexibility

1 provision of this section shall be deemed to be in compliance with
2 the program and funding requirements contained in statutory,
3 regulatory, and provisional language associated with the items
4 listed in paragraph (2) of subdivision (a) if the Superintendent
5 approves the participation of the local educational agency in the
6 Maximum Categorical Funding Flexibility and Accountability
7 Program pursuant to Chapter 3 (commencing with Section 63060)
8 of Part 35 of Division 4.

9 (e) Notwithstanding subdivision (d), the following requirements
10 shall continue to apply:

11 ~~(1) For Item 6110-105-0001 of Section 2.00 of the annual~~
12 ~~Budget Act, the amount authorized for flexibility shall exclude the~~
13 ~~funding provided to fund remedial educational services pursuant~~
14 ~~to Provision 4. For Item 6110-156-0001 of Section 2.00 of the~~
15 ~~annual Budget Act, the amount authorized for flexibility shall~~
16 ~~exclude the funding provided for instruction of CalWORKs-eligible~~
17 ~~students pursuant to Schedules (2) and (3) and Provisions 2 and~~
18 ~~4.~~

19 ~~(2)~~

20 (1) (A) Any instructional materials purchased by a local
21 educational agency for kindergarten and grades 1 to 8, inclusive,
22 and for grades 9 to 12, inclusive, shall be aligned with the state
23 standards adopted pursuant to Section 60605 or 60605.8, and shall
24 also meet the reporting and sufficiency requirements contained in
25 Section 60119.

26 (B) For purposes of this section, “sufficiency” means that each
27 pupil has sufficient textbooks and instructional materials in the
28 four core areas as defined by Section 60119 and that all pupils
29 within the local educational agency who are enrolled in the same
30 course shall have identical textbooks and instructional materials,
31 as specified in Section 1240.3.

32 ~~(3)~~

33 (2) For Item 6110-195-0001 of Section 2.00 of the annual
34 Budget Act, the item shall exclude moneys that are required to
35 fund awards for teachers that have previously met the requirements
36 necessary to obtain these awards, until the award is paid in full.

37 ~~(4)~~

38 (3) For Item 6110-266-0001 of Section 2.00 of the annual
39 Budget Act, a county office of education shall conduct at least one
40 site visit to each of the required schoolsites pursuant to Section

1 1240 and shall fulfill all of the duties set forth in Sections 1240
 2 and 44258.9.

3 ~~(5)~~

4 (4) For Item 6110-198-0001 of Section 2.00 of the annual
 5 Budget Act, a school district or county office of education that
 6 operates the child care component of the Cal-SAFE program shall
 7 comply with paragraphs (5) and (6) of subdivision (c) of Section
 8 54746.

9 (f) This section does not invalidate any state law pertaining to
 10 teacher credentialing requirements or the functions that require
 11 credentials.

12 (g) This section shall become operative on July 1, 2015.

13 SEC. 4. Chapter 3 (commencing with Section 63060) is added
 14 to Part 35 of Division 4 of Title 2 of the Education Code, to read:

15

16 CHAPTER 3. MAXIMUM CATEGORICAL FUNDING FLEXIBILITY
 17 AND ACCOUNTABILITY PROGRAM

18

19 63060. (a) The Maximum Categorical Funding Flexibility and
 20 Accountability Program is hereby established. The program shall
 21 be implemented from the 2015–16 fiscal year to the 2019–20 fiscal
 22 year, inclusive. The Superintendent shall select school districts to
 23 participate in the program that meet the preconditions of Section
 24 63061 and agree to demonstrable goals as specified in Section
 25 63062. A school district may apply to the Superintendent for
 26 selection to participate in the program.

27 (b) As used in this chapter, a “participating school district” is
 28 a school district selected by the Superintendent to participate in
 29 the Maximum Categorical Funding Flexibility and Accountability
 30 Program established by this chapter.

31 63061. (a) In order to be deemed in compliance with the
 32 program and funding requirements contained in statutory,
 33 regulatory, and provisional language associated with the items
 34 listed in paragraph (2) of subdivision (a) of Section 42605 for any
 35 of the fiscal years from 2015–16 to 2019–20, inclusive, a school
 36 district shall meet all of the following preconditions:

37 (1) The school district has a plan, developed in conjunction with
 38 parents and teachers, to accelerate pupils’ progress to academic
 39 proficiency. The plan shall include both of the following:

1 (A) Measurable metrics to improve pupil performance, close
2 the achievement gap, increase college entrance rates, and increase
3 career readiness.

4 (B) An explanation of the manner in which the objectives of
5 each categorical program funded under the items listed in paragraph
6 (2) of subdivision (a) of Section 42605 will be met.

7 (2) The governing board of the school district, at a regularly
8 scheduled public meeting of the board, has approved the plan and
9 developed corresponding policies in support of the plan.

10 (3) The annual evaluation of the performance of the
11 superintendent of the school district is linked to the pupil
12 performance goals specified in paragraph (1).

13 (4) The school district demonstrates a pattern of stability
14 between management and the bargaining units.

15 (5) There is community support for the plan.

16 (6) The school district has surveyed parents and legal guardians
17 in the district to gauge support for participation in the program.
18 At least one-half of the permanent teachers and one-half of the
19 surveyed parents or legal guardians in the school district support
20 participation in the program, and that support is demonstrated in
21 writing.

22 (7) The standards-based curriculum for English learners is
23 cognitively complex, coherent, well articulated, and meaningful,
24 and will enable English learners to learn English quickly and
25 fluently so that they may participate fully in the grade-level
26 curriculum. At a minimum, the program shall provide all of the
27 following:

28 (A) Support for English learners who are new to the school
29 district.

30 (B) An English language development program that is
31 comprehensive and standards aligned and that has all of the
32 following characteristics:

33 (i) Actively develops all domains of language.

34 (ii) Addresses varying levels of English fluency.

35 (iii) Develops age-appropriate and context-appropriate language,
36 including an emphasis on academic English.

37 (iv) Includes opportunities for English learners to interact with
38 native English speaking peers.

39 (v) Creates a supportive learning environment for language
40 learning.

- 1 (vi) Recognizes the role of primary language development.
- 2 (C) Full access to a challenging curriculum.
- 3 (D) High-quality instruction and materials.
- 4 (E) An inclusive and affirming school climate.
- 5 (F) Valid, reliable, comprehensive, and useful assessments.
- 6 (G) Strong family partnerships.
- 7 (H) A qualified educator workforce.
- 8 (b) At a minimum, the Superintendent shall consider the quality
- 9 and rigor of the manner in which the school districts meet the
- 10 preconditions outlined in subdivision (a).
- 11 (c) If the Superintendent determines that a school district fails
- 12 to meet the preconditions specified in subdivision (a) with respect
- 13 to some of the categorical education programs funded under the
- 14 items listed in paragraph (2) of subdivision (a) of Section 42605,
- 15 the Superintendent may select that school district as a participant,
- 16 but restrict the participation of that school district to a subset of
- 17 the categorical education programs and budget items.
- 18 (d) Nothing in this section shall be construed as imposing new
- 19 mandates on school districts.
- 20 63062. A school district that participates in the Maximum
- 21 Categorical Funding Flexibility and Accountability Program shall
- 22 agree to demonstrate all of the following goals:
- 23 (a) Significant progress toward accelerating pupils' progress
- 24 toward proficiency in California's academic standards over a
- 25 three-year period, as measured by the annual assessments
- 26 administered pursuant to Article 4 (commencing with Section
- 27 60640) of Chapter 5 of Part 33 and any other local, state, or
- 28 national assessments.
- 29 (b) A narrowing of the achievement gap in the school district's
- 30 federally recognized subgroups, as measured by the annual
- 31 assessments administered pursuant to Article 4 (commencing with
- 32 Section 60640) of Chapter 5 of Part 33 and any other local, state,
- 33 or national assessments.
- 34 (c) Fiscal solvency, as measured by the standards and criteria
- 35 adopted by the state board pursuant to Section 33127 and
- 36 implementing regulations.
- 37 (d) Positive growth, as measured by the school district's
- 38 Academic Performance Index score, the annual assessments
- 39 administered pursuant to Article 4 (commencing with Section

1 60640) of Chapter 5 of Part 33, and any other local, state, or
2 national assessments.

3 (e) An increase in the school district's graduation rate, as
4 measured by the California Longitudinal Pupil Achievement Data
5 System and the school district level data system.

6 (f) Improvement in the school district's college entrance rate,
7 as measured by the National Student Clearinghouse or other
8 state-approved pupil data tracking system.

9 (g) Improvement in the number of pupils who enter technical
10 school after graduation, as measured by the National Student
11 Clearinghouse or other state-approved pupil data tracking system,
12 or who graduate prepared to enter high-wage, high-skill
13 occupations.

14 (h) *Pupil progress in passage of common core standards.*

15 63063. (a) For the 2015–16 fiscal year to the 2019–20 fiscal
16 year, inclusive, the Superintendent shall do all of the following:

17 (1) Increase or decrease the amounts apportioned pursuant to
18 paragraph (2) of this subdivision proportional to any increase or
19 decrease in the amounts appropriated in Section 2.00 of the annual
20 Budget Act for the budget items listed in paragraph (2) of
21 subdivision (a) of Section 42605.

22 (2) Provide an apportionment schedule to each participating
23 school district that separately itemizes and differentiates the amount
24 apportioned for each budget item listed in paragraph (2) of
25 subdivision (a) of Section 42605.

26 (3) Allocate the amounts apportioned pursuant to paragraph (2)
27 of subdivision (a) of Section 42605 to the school districts selected
28 for participation in the program on the same timeline that
29 apportionments related to those budget items are apportioned to
30 other school districts.

31 (b) Each apportionment made pursuant to subdivision (a) to the
32 school districts participating shall be in lieu of funding that those
33 school districts would have received from the same budget items
34 if not participating. A school district shall not receive duplicated
35 funding as a result of participation in the program.

36 63064. (a) Notwithstanding any other law, a participating
37 school district may use the funds that it receives pursuant to Section
38 63063 for any purpose related to improving pupil achievement
39 and academic instruction, except as provided in subdivision (b).

1 (b) (1) With respect to funds received pursuant to Item
2 6110-128-0001 of Section 2.00 of the annual Budget Act, a
3 participating school district shall use these funds to supplement
4 the base program provided to English learners and economically
5 disadvantaged pupils, as those terms are defined in Section 54026.

6 (2) With respect to funds received pursuant to Item
7 6110-119-0001 of Section 2.00 of the annual Budget Act, a
8 participating school district shall use these funds to supplement
9 the base program provided to foster youth.

10 (3) With respect to funds received pursuant to Item
11 6110-196-0001 of Section 2.00 of the annual Budget Act, a
12 participating school district shall use these funds to ensure that
13 child care and development services continue to be provided to
14 subsidized low-income children.

15 (c) It is the intent of the Legislature that the educational needs
16 of pupils served by the categorical programs funded by the items
17 listed in paragraph (2) of subdivision (a) of Section 42605 be
18 served by a school district selected for participation in the pilot
19 project.

20 (d) It is not the intent of the Legislature to waive requirements
21 of any educational programs enacted through the initiative process.

22 (e) A participating school district shall implement an open and
23 transparent process that allows public input at no less than two
24 regularly scheduled meetings of the governing board of the school
25 district so as to notify parents, staff, and the community of
26 discussions and pending decisions related to the flexible use of
27 funds apportioned pursuant to subdivision (a) of Section 63063.
28 The school district shall seek input from parents, staff, and the
29 community regarding the option or options most suitable for the
30 school district and schools in the district. The governing board of
31 the school district shall not take action on this item at the first
32 meeting at which the item appears on the agenda.

33 63065. (a) Notwithstanding any other law, a participating
34 school district shall be deemed to be in compliance with the
35 program and funding requirements contained in statutory,
36 regulatory, and provisional language associated with the items
37 listed in paragraph (2) of subdivision (a) of Section 42605.

38 (b) Notwithstanding subdivision (a), a participating school
39 district that receives funds pursuant to Item 6110-128-0001 of
40 Section 2.00 of the annual Budget Act shall continue to designate

1 staff to coordinate services and programs, including the home
2 language survey, for English learners and shall continue in
3 existence parent advisory committees and schoolsite councils, as
4 required pursuant to Section 62002.5.

5 63066. (a) A participating school district shall submit an
6 evaluative annual report to the department that details the progress
7 made during the immediately prior school year toward the goals
8 set forth in Section 63062, including details of the academic
9 progress made by pupil subgroups.

10 (b) As part of the annual report pursuant to subdivision (a), a
11 participating school district also shall submit to the department an
12 annual expenditure report detailing the expenditure of specific
13 categorical program funds and the purposes for which those funds
14 were expended. The report shall do all of the following:

15 (1) Identify the weighting of per pupil expenditures from all
16 funds spent on low-socioeconomic, limited-English-proficient,
17 and special education pupils, as compared to other pupils in the
18 school district.

19 (2) Compare the identified weightings of per pupil expenditures
20 reported pursuant to paragraph (1) to the weightings of per pupil
21 expenditures spent in the 2009–10 fiscal year on pupils in the pupil
22 subgroups listed in paragraph (1).

23 (3) Be in a format designated by the Superintendent, using the
24 Standardized Account Code Structure and consistent with the
25 California School Accounting Manual, and shall provide the ability
26 to track each of the amounts apportioned pursuant to subdivision
27 (a) of Section 63063 with respect to resource, program, function,
28 and object.

29 (4) Be submitted by the date designated as the deadline for
30 submission of school district annual financial statements.

31 (c) The Superintendent shall provide guidance to the
32 participating school districts so as to ensure that the expenditure
33 reports submitted pursuant to subdivision (b) conform to the
34 requirements placed on those reports.

35 (d) By June 1, 2017, the Superintendent shall contract for the
36 completion of an independent evaluation of the program utilizing
37 available federal and other nonstate funding.

38 (1) The contracted independent evaluator shall provide the
39 Legislature, the Governor, the Superintendent, the state board, and
40 the participating school districts with both of the following:

1 (A) An interim report no later than 18 months after the
2 Superintendent apportions funding pursuant to Section 63063.

3 (B) By December 31, 2019, a final evaluation report that
4 identifies the success and failures of the program and makes
5 recommendations regarding improving the program and whether
6 the program should be continued.

7 (2) The evaluation shall make use of school district expenditure
8 reports submitted pursuant to subdivision (b), school district plans
9 as described in Section 63061, and any other available financial,
10 programmatic, and pupil outcome data currently collected and
11 available.

12 (3) Upon request by the evaluator, the department and the
13 participating school districts shall provide any available data that
14 the evaluator deems necessary to meaningfully evaluate the
15 program.

16 (4) This subdivision does not relieve a school district or any
17 other party from obligations under state or federal law to protect
18 pupil privacy.

19 63067. This chapter shall become inoperative on July 1, 2020,
20 and, as of January 1, 2021, is repealed, unless a later enacted
21 statute, that becomes operative on or before January 1, 2021,
22 deletes or extends the dates on which it becomes inoperative and
23 is repealed.